KINA PETROLEUM LIMITED
HALF YEAR REPORT

COMPANY NO. 1-63551 ARN 151 201 704

FOR THE HALF YEAR ENDED 30 JUNE 2016

The Directors present their half year report on the Company and its controlled entities for the half year ended 30 June 2016.

DIRECTORS

The names of Directors in office at any time during or since the end of the half year are:

Mr Richard Robinson, Non-Executive Chairman appointed 11 December 2013 (appointed Chairman 6 November 2014)

Mr Richard Schroder, Managing Director appointed 31 May 2011

Dr Ila Temu, Non-Executive Director appointed 31 May 2011

Mr Barry Tan, Non-Executive Director appointed 1 March 2009

Mr David Vance, Non-Executive Director appointed 6 November 2014

Half year report to the Australian Stock Exchange

Kina Petroleum Limited (ASX: "KPL") currently maintains working interests in Petroleum Retention Licences (PRLs) 21 & 38 and 6 exploration licences in PNG. Operations during the half year involved exploration and appraisal activities on these licenses.

Operational Highlights and Updates

The first half of 2016 saw Kina, along with the broader E&P industry, actively managing its portfolio obligations. Evaluation of drilling results from the Raintree-1 and Kwila-1 wells in PPL 337 indicated that remaining prospectivity in the licence was limited and that the likelihood of discovering a commercially viable quantity of hydrocarbons was low. The licence was therefore relinquished during the first quarter of 2016 thereby reducing Kina's expenditure obligations and preserving capital to deploy on core assets.

The company was also able to complete an extensive seismic re-processing program for the PPL 435 & 436 licences, covering upwards of 2,300 line kilometres. Interpretation of this data has begun and aims at high-grading existing prospects as well as identifying areas for follow-up seismic.

In PNG more broadly, the announcement of a proposed takeover of Interoil by Oil Search, and subsequently Exxon-Mobil, highlighted the quality of the Elk/Antelope resource and the willingness of industry participants to continue with corporate deals in a low oil price environment. Kina stands to benefit from this activity as the PPL 338, 339 and 340 licences are adjacent the PRL 15 licence which contains the Elk/Antelope resource. Kina expects to embark on a farmout program for these licences in the next 12 months.

Highlights for the half year ended 30 June 2016:

- **PRL 21 – The environmental permit for the proposed Elevala/Ketu development has been issued with the Operator focussed on optimising development and commercialisation options. Kina's interest will rise to around 16.5%, subject to receipt of customary approvals and on conclusion of negotiations with Joint Venture partners, following Mitsubishi's withdrawal from the Joint Venture with effect from 30 June 2016.**

- **PRL 38 – Twinza Oil Limited has replaced Cott in the licence effective 30 June 2016, and Kina sees this as a positive step towards a future Gulf Province gas aggregation project. Twinza's development focus in respect of the Pasca gas fields will broaden and enhance options for future development of both the Pandora and Pasca fields.**

- **PPL 338 – Kina is proceeding with an extension of PPL 338 rather than a "top file" over the previous licence area. The extension area covers all high graded prospects. Reprocessed seismic data have high-graded five prospective targets within the licence with further work to occur upon sustained improvement in oil price.**

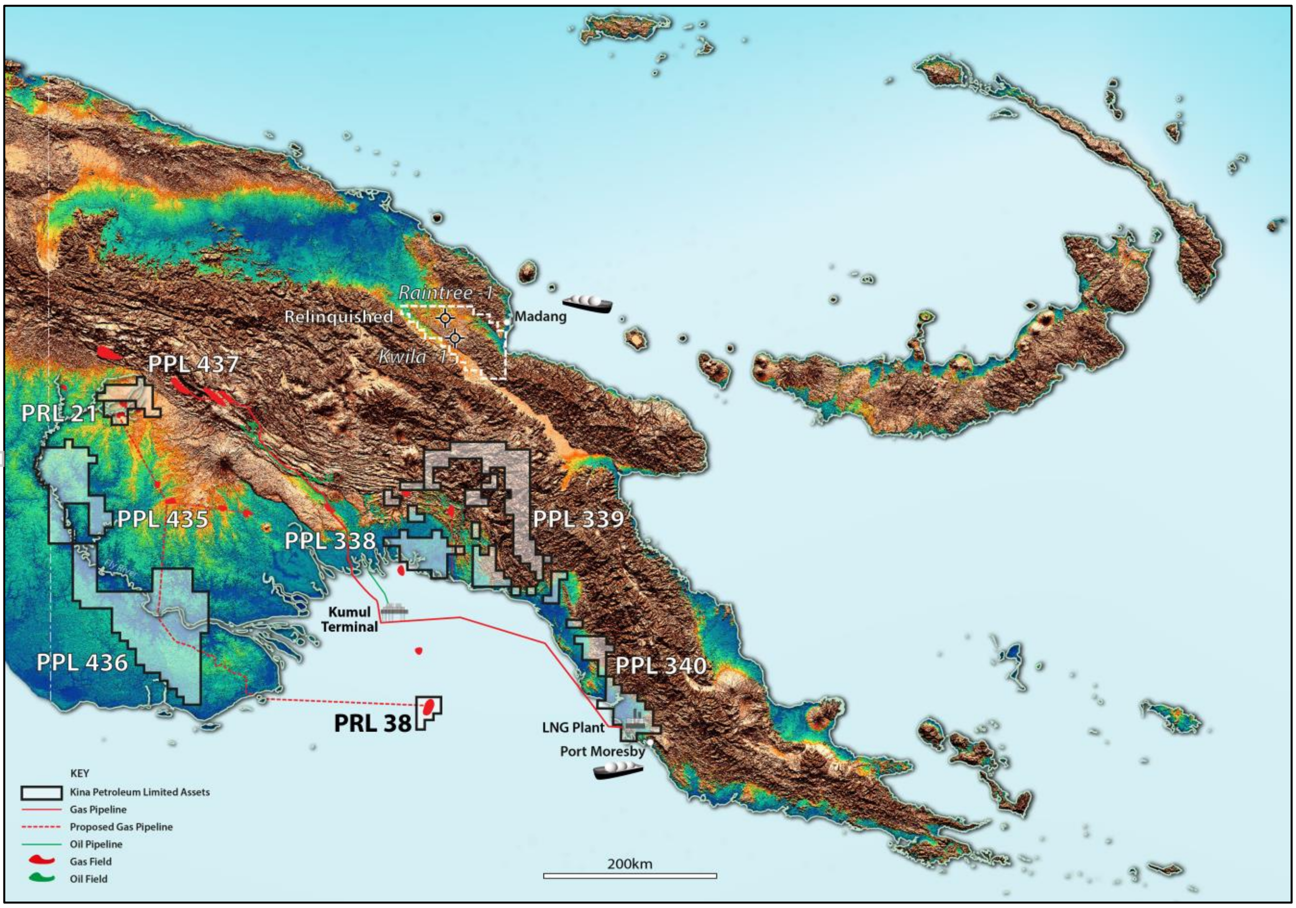
- **PPL 339 – Oil Search (PNG) Limited, as licence operator of PPL 339, is proceeding with an extension application for the licence covering the key prospects identified to date. Interpretation of Kalangar prospect is complete. Mapping confirms the presence of a large structure at the proposed location and Kina continues to evaluate the prospect. Kina is presently carried for approximately half of its share of the first well, currently in the planning phase with a spud expected in 2017, and may seek to farmout part of its interest.**

- **PPL 340 –Kina has submitted extension documents for the licence. Mapping of the Port Moresby and Lizard prospects is complete with Lizard looking very promising particularly in respect of its proximity to Port Moresby.**

- **PPL 435 & 436 - Seismic reprocessing has upgraded five large leads close to the Fly River which offers easy export potential for liquids into Port Moresby.**

- **PPL 437 – Malisa prospect is drill-ready and should be drilled once an FID commitment is made for Elevala/Ketu. Larger potential features are identified from the PPL 437 seismic interpretation located in the eastern half of PPL 437 and a seismic program has been proposed over the Ebony, Mango and Kandis Prospects which will form part of a farm out process**

Map of Kina Petroleum's licence interests



Petroleum Retention Leases (PRLs) 21 & 38 – Gas monetization focus

KPL has a 15% working interest in PRL 21 (to increase subject to re-distribution of interests) and a 25% working interest in PRL 38.

Because of the significant liquids and gas resources in PRLs 21 and 38, their long term value to Kina is substantial, with work in PRL 21 focussed on resource assessment, further development-related cost savings, development options and commercial analysis ahead of a Final Investment Decision.

Upon redistribution of Mitsubishi Corporation's interest, Kina expects to be allocated around an additional 1.5% participating interest. Kina is pleased to have acquired this additional equity at no cost and expects to be easily able to manage the incremental expenditure obligations.

In PRL 38 Twinza Oil Limited completed its acquisition of Cott Oil and Gas' 40% interest effective 30 June 2016. Kina views Twinza's entry into PRL 38 favourably because Twinza's proposed Pasca A development could present aggregation options for the joint venture to consider in respect of the Pandora gas resource. Kina sees remaining exploration potential in the licence and will evaluate this potential upon review of 3D seismic data later in 2016 and the first half of 2017.

Petroleum Prospecting License (PPL) 338

Kina Interest: 100%

PPL 338 is located in the eastern Papuan Basin, to the west and south of the Elk-Antelope gas field in PRL 15.

Interpretation of reprocessed seismic is complete. The Nipa, Mangrove, Crocodile, Waxbill and Triceratops North Prospects are located close to the Late Cretaceous margin of the Australian Plate.

Kina interprets a significant prospect as part of Greater Triceratops in northern PPL 338 where Triceratops-3, intersected gas only three kilometres from the PPL 338 boundary. Triceratops West and Triceratops North lie on the footwall of the main thrust fault separating the fold belt from the foreland. Further seismic is required to define a drilling location at Triceratops West but Triceratops North is drill ready and will form part of a farm out program.

Further south in PPL 338, KPL recognises the Mangrove, Crocodile, and Nipa Prospects as analogues to the Antelope and Uramu discoveries. Nipa can be demonstrated to be up dip from the Ini-1 well, spilling to the south towards Uramu. Mangrove is at a similar depth to Nipa but lies on a different spill chain from the east. Crocodile is located down dip from Mangrove approximately half way between Antelope and Mangrove. The Nipa and Mangrove prospects close off larger areas than Uramu with the area of closure at Mangrove approaching that of Antelope. Data coverage is sparse and all 3 prospects require gravity gradiometry and infill seismic acquisition before drilling could be recommended. This work will also form part of Kina's forthcoming farm out program.

Kina's "top file" application over the PPL 338 licence was gazetted as APPL 581 during the first quarter of 2016. Subsequently, on the basis of discussions with the Department of Petroleum and Energy, an extension application covering a further 5 year term was submitted and is expected to be approved in the 2nd half of 2016. The extension area is 50% of the original licence but retains all major recognised prospects and leads close to Antelope, Triceratops and Uramu. The previous "top file"application was withdrawn and separate applications have been made for some of the relinquished blocks from PPL 338.

Kina is preparing potential resource numbers for the prospect inventory and once finalised will undertake a farmout program comprising gravity gradiometry, seismic acquisition and a number of wells.

Petroleum Prospecting License (PPL) 339

Kina Interest: 30%.

PPL 339 is located in the eastern Papuan Basin, approximately 50km south east of Antelope. Oil Search's acquisition of a 70% participating interest from KPL was approved by the government of PNG in 2015. The PPL 339 extension process is being managed by licence Operator Oil Search (PNG) Limited in consultation with the PNG Department of Petroleum and Energy.

The JV partners have independently reprocessed seismic lines within PPL 339 which has highlighted a structure at Kalangar. Kina completed its own interpretation of the reprocessed and open file seismic in and adjacent to the Kalangar Prospect which is located in the western portion of PPL 339, approximately 80km southeast and along trend from Antelope. The depth of a potential reservoir at Kalangar has been subject to technical discussions in order to define the most appropriate location and depth to test the prospect. Like Antelope, Kalangar is located on an up thrusted fault block at the south western margin of the Aure Trough. Gravity gradiometry and seismic data are interpreted to show that the Kalangar Prospect is located on a prominent structural high which is acting as a focus for present day migration of hydrocarbons as is evidenced by the numerous oil and gas seeps west of Kalangar. Whilst along trend from Antelope, Kina continues to evaluate the prospect.

Cassowary and Bowerbird remain prospective and are on the Kalangar trend and provide good follow up potential in the event of success at Kalangar.

As at the end of the reporting period, the operator continued to manage the licence extension process in consultation with the Department of Petroleum and Energy.

Petroleum Prospecting License (PPL) 340

Kina interest: 100%

PPL 340 is located at the eastern edge of the Papuan Basin on a mobile zone between an accretionary wedge to the east and the Australian plate in the west.

Permit-wide mapping has been completed and has upgraded the Lizard Prospect. Lizard is one of the largest prospects within Kina's portfolio but size alone does not make it commercially attractive. In the past, structural uncertainty and source rock presence were considered very high risk. Integration of the PPL 340 gravity and seismic data from within the permit with analogue control from reprocessed data out of PPL 338 has reduced the structural uncertainty and given Kina greater confidence in this regard. The mapped area of closure is 256 square km with vertical closure potentially 700m. Depth to carbonate objective is 780m and the prospect is road accessible.

Kina has previously stated that it believed the most likely charge was biogenic gas. However reported thermogenic shows in Wahoo 1 and the flow of thermogenically generated gas in Tovala 1 has high graded the source and charge attributes of Lizard. Tovala 1 was drilled in the Lakekamu embayment which the revised interpretation suggests wraps around the north side of Lizard providing a themogenic charge mechanism into the Prospect. Furthermore fluid inclusion analysis of the Barune sandstone outcrops near Port Moresby confirm that oil migration has occurred into these rocks and this high grades the Barune Sand in the Port Moresby Prospect as an oil target.

The company is assessing the commercial viability of the Port Moresby and Lizard prospects in light of the current oil price environment.

Petroleum Prospecting Licenses (PPLs) 435 & 436

Kina Interest: 100% in both licences

PPL 435 and 436 are two large licence areas located in the Western Province, structurally within the Papuan Foreland and both astride the Fly River between the Fly River delta and Lake Murray offering good export potential for liquids. The Panakawa oil seep indicated the presence of oil in the Wuroi-1 well bore, and a gas flow at Lake Murray 1 high graded the Oriomo to Aiambak prospect trend along the Fly River fault system.

Interpretation of reprocessed seismic data has confirmed likely presence of good reservoir sequences at the Aiambak, Lake Murray East, Lake Murray Central, Lake Murray South, Dalbert, Alligator, Sturt and Oriomo prospects. Seismic sections from Ketu to Lake Murray 1 show potential reservoir sequences extending from the north to the inverted Fly River Fault, significantly upgrading Aiambak and the Lake Murray series of prospects in PPL 435. Lake Murray East, Lake Murray 1 and Aiambak lie along trend from the Manta 1 gas discovery. The Aiambak Prospect lies at the intersection of the Manta Fault and the Fly River Fault where Miocene inversion has elevated a series of potential reservoir rocks updip from the rocks that flowed gas in Lake Murray 1.

The improved resolution of the reprocessed seismic data has given great clarity of structure along the Fly River Fault system and helped to define potential oil/gas kitchen areas close to the prime prospect trend adjacent to Oriomo. Oriomo Prospect is only 2 days steaming to the Puma refinery. Drilling and development costs will be very much less than the fold belt or the Kiunga hinterland area.

Interpretation of the seismic data will be finalised over the forthcoming quarter with a view to planning a seismic survey for 2017. Seismic acquisition costs will also be cheaper than elsewhere in PNG. It is Kina's intention to farm out the forward work program.

Petroleum Prospecting License (PPL) 437

Kina Interest: 57.5%

PPL 437 is located in the Western Province of PNG, immediately north of PRL 21 (Ketu-Elevala). Interpretation and depth conversion of the combined Gosur and reprocessed seismic data set is complete with Malisa remaining a drill ready target along trend from Elevala. Unfortunately the prospect is shared with neighbouring PPL 259 and drilling of Malisa will take place once a multi-well program has been developed and a contribution agreed with PPL 259 participants. Drilling at Malisa will be justified once the oil price improves and a commitment is made to develop the Elevala/Ketu fields.

To the east, Ebony and Mango are potentially large features mapped west-south-west of the Juha gas field and south east of P'nyang. Ebony is a Ketu lookalike and Mango has strong similarity to Elevala. The prospects are proximal to P'nyang, Juha, Elevala and Ketu and lie within the active hydrocarbon generative kitchen charging these fields. Reservoir, charge and seal are considered low risk- only structural integrity requires confirmation. Ebony and Mango require additional seismic acquisition and a program of 150km has been prepared and is now being actively farmed out, jointly with partner Heritage Oil and Gas Limited. Seismic is not expected to be acquired until 2017 and will occur as part of a multi-licence program.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 June 2016

	2016	2015
	US$	US$
Revenue	**2,678**	121,254
Share-based payments	**(32,925)**	(28,665)
Administration expenses	**(230,170)**	(456,755)
Consultancy fees	**(214,239)**	(237,233)
Foreign exchange losses	**(28,567)**	(51,646)
Exploration expense	**(951,085)**	(711,193)
Loss before income tax	**(1,454,308)**	(1,364,238)
Income tax expense	**-**	-
Loss after income tax	**(1,454,308)**	(1,364,238)
Other comprehensive income		
Foreign currency translation difference	**8,401**	(95,519)
Other comprehensive income for the period	**8,401**	(95,519)
Total comprehensive loss for the period attributable to members of the Parent Entity	**(1,445,907)**	(1,459,757)

Earnings per share	**In US cents**	
From continuing operations:		
Basic loss per share	**(0.47)**	(0.44)
Diluted loss per share	**(0.47)**	(0.44)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	As at 30 June 2016 US$	As at 31 December 2015 US$
CURRENT ASSETS		
Cash and cash equivalents	**8,579,400**	10,342,756
Trade and other receivables	**278,736**	226,525
Other current assets	**26,075**	26,239
TOTAL CURRENT ASSETS	**8,884,211**	10,595,520
NON-CURRENT ASSETS		
Exploration and evaluation expenditure	**21,132,324**	21,151,850
Development expenditure	**4,460,607**	4,288,785
Plant and equipment	**15,614**	28,276
Other non-current assets	**217,140**	227,220
TOTAL NON-CURRENT ASSETS	**25,825,685**	25,696,131
TOTAL ASSETS	**34,709,896**	36,291,651
CURRENT LIABILITIES		
Trade and other payables	**416,474**	585,247
NET ASSETS	**34,293,422**	35,706,404
EQUITY		
Issued capital	**49,389,418**	49,389,418
Reserves	**47,152**	5,826
Accumulated losses	**(15,143,148)**	(13,688,840)
TOTAL EQUITY	**34,293,422**	35,706,404

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 June 2016

	Ordinary Issued Capital US$	Accumulated Losses US$	Reserves US$	Total US$
For the period 1 January 2016 to 30 June 2016				
Balance at 1 January 2016	**49,389,418**	**(13,688,840)**	**5,826**	**35,706,404**
Loss for the period	**-**	**(1,454,308)**	**-**	**(1,454,308)**
Other comprehensive income				
Foreign currency translation difference for the period, net of tax	**-**	**-**	**8,401**	**8,401**
Total comprehensive income	**-**	**(1,454,308)**	**8,401**	**(1,445,907)**
Transactions with owners in their capacity as owners:				
Options issued under Employee Incentive Plan	**-**	**-**	**32,925**	**32,925**
Balance at 30 June 2016	**49,389,418**	**(15,143,148)**	**47,152**	**34,293,422**

	Ordinary Issued Capital US$	Accumulated Losses US$	Reserves US$	Total US$
For the period 1 January 2015 to 30 June 2015				
Balance at 1 January 2015	49,389,418	(10,740,340)	185,140	38,834218
Loss for the period	-	(1,364,238)	-	(1,364,238)
Other comprehensive income				
Foreign currency translation difference for the period, net of tax	-	-	(95,519)	(95,519)
Total comprehensive income	-	(1,364,238)	(95,519)	(1,459,757)
Transactions with owners in their capacity as owners:				
Options issued under Employee Incentive Plan	-	-	28,665	28,665
Balance at 30 June 2015	49,389,418	(12,104,578)	118,286	37,403,126

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 30 June 2016

	2016 US$	2015 US$
CASH FLOW FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	**(585,593)**	(778,061)
Interest received	**2,678**	31,254
Operator fee income	**-**	40,000
Net cash used in operating activities	**(582,915)**	(706,807)
CASH FLOW FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditure	**(883,657)**	(2,348,041)
Development expenditure	**(296,784)**	(1,098,985)
Net cash used in investing activities	**(1,180,441)**	(3,447,026)
Net increase in cash and cash equivalents held	**(1,763,356)**	(4,153,833)
Cash at beginning of year	**10,342,756**	15,418,388
Cash at end of period	**8,579,400**	11,264,555

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the half year ended 30 June 2016

Note 1 - Basis of preparation

The half year financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting.

The half year financial statements do not include all of the information required for full-year financial statements. Accordingly, these financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2015.

The accounting policies applied by the Company in the consolidated financial statements for the year ended 31 December 2015 have been applied consistently with the half year financial statements.

Comparative information has been presented in the financial statements to enable an understanding of the results and financial position for the half year ended 30 June 2016.

Going concern
These financial statements have been prepared on a going-concern basis which assumes that the Company will continue to progress its exploration and development activities in accordance with its normal plans. The directors believe that the Company is able to meet its debts as and when they fall due for at least the next 12 months.

Note 2 - Cash

	As at 30 June 2016 US$	As at 31 December 2015 US$
(a) Composition of cash		
Cash at bank	**8,579,400**	10,342,756

(b) Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities

	US$	US$
Loss from ordinary activities after income tax	**(1,454,308)**	(1,364,238)
Add Back		
Non-cash expense – shared based payments	**32,925**	28,665
Non-cash expense – depreciation	**5,139**	13,374
Non-cash (income)/expense – foreign exchange loss	**28,567**	51,646
Non-cash income – Operator Fee income from KPL interest in operated joint ventures	**-**	(45,000)
Non-operating item – exploration expense relating to investment activity	**951,085**	711,193
Changes in assets and liabilities relating to operations:		
- (Increase)/Decrease in receivables	**15,455**	(10,474)
- Decrease in trade and other payables	**(161,778)**	(91,974)
Net cash used in operating activities	**(582,915)**	(706,807)

Note 3 - Segment information

(a) Identification of reportable segments

The consolidated group has identified its reportable segments based on the location of its exploration assets within Papua New Guinea.

- PPLs 338, 339 and 340 – located in the Southern Papuan Basin which is a proven hydrocarbon province
- PPLs 435, 436 and 437 – located in the Western Papuan Basin, adjacent to PRL 21.
- Petroleum Retention License (PRL) 21 – located in the Western Province of PNG and contains three wet gas discoveries. The Group has a 15% interest in PRL 21 which is governed by a Joint Operating Agreement.
- Petroleum Retention License (PRL) 38 – located in the Gulf of Papua and containing the Pandora Gas fields. The Group has a 25% interest in PRL 38 and at the date of this report is negotiating a Joint Operating Agreement.

(b) Segment information

30 June 2016	Balance at beginning of the period	Exploration costs incurred	Exploration costs expensed	Development costs incurred	Balance at period end	% of total expenditure
	US$	US$	US$	US$	US$	%
PPL 337	19,205	18,209	(37,414)	-	-	-
PPL 338	13,767	68,556	(68,556)	-	13,767	0.05
PPL 339	25,017	255,777	(255,777)	-	25,017	0.10
PPL 340	16,205	27,677	(27,677)	-	16,205	0.06
PPL 435	26,611	116,687	(116,687)	-	26,611	0.11
PPL 436	24,604	27,024	(27,024)	-	24,604	0.10
PPL 437	5,694	48,099	(48,099)	-	5,694	0.02
PRL 21	21,224,211	249,857	(250,179)	171,822	21,395,712	83.60
PRL 38	4,085,321	119,672	(119,672)	-	4,085,321	15.96
	25,440,635	**931,558**	**(951,085)**	**171,822**	**25,592,931**	**100.00**

30 June 2015	Balance at beginning of the period	Exploration costs incurred	Exploration costs expensed	Development costs incurred	Balance at period end	% of total expenditure
	US$	US$	US$	US$	US$	%
PPL 337	19,205	86,227	(86,227)	-	19,205	0.07
PPL 338	13,767	141,795	(141,795)	-	13,767	0.05
PPL 339	25,017	67,425	(67,425)	-	25,017	0.10
PPL 340	16,205	59,422	(59,422)	-	16,205	0.06
PPL 435	26,611	63,542	(63,542)	-	26,611	0.11
PPL 436	24,604	60,200	(60,200)	-	24,604	0.09
PPL 437	5,694	37,998	(37,998)	-	5,694	0.02
PRL 21	20,136,042	1,286,235	(194,584)	543,416	21,771,109	83.77
PRL 38	4,085,321	-	-	-	4,085,321	15.73
	24,352,466	**1,802,844**	**(711,193)**	**543,416**	**25,987,533**	**100.00**

Note 4 – Controlled entities
Controlled Entities Consolidated

Subsidiaries of Kina Petroleum Limited	Country of incorporation	Percentage Owned (%) As at 30 June 2016	Percentage Owned (%) As at 30 June 2015	Contribution to net loss For the half year ended 30 June 2016	Contribution to net loss For the half year ended 30 June 2015
Kina Oil and Gas Pty Ltd	Australia	**100**	100	**(26,753)**	(139,815)
Kina Petroleum (PRL 21) Ltd	PNG	**100**	100	**(233)**	-
Kina Petroleum (PRL 38) Ltd	PNG	**100**	100	**(233)**	-
Kina Petroleum (PPL 337) Ltd	PNG	**100**	100	**(233)**	-
Kina Petroleum (PPL 338) Ltd	PNG	**100**	100	**(233)**	-
Kina Petroleum (PPL 339) Ltd	PNG	**100**	100	**(233)**	-
Kina Petroleum (PPL 340) Ltd	PNG	**100**	100	**(233)**	-
Kina Petroleum (PPL 435) Ltd	PNG	**100**	100	**(233)**	-
Kina Petroleum (PPL 436) Ltd	PNG	**100**	100	**(233)**	-
Kina Petroleum (PPL 437) Ltd	PNG	**100**	100	**(233)**	-

Kina Oil and Gas Pty Limited was acquired on 24 May 2011 through the issue of 10,035,801 shares at a cost of US$765,808.
Kina Petroleum (PRL 21) Limited was acquired on 19 October 2015 for consideration of K 1.00
Kina Petroleum (PPL 339) Limited was acquired on 28 October 2015 for consideration of K 1.00
Kina Petroleum (PRL 38) Limited and Kina Petroleum (PPL 337) Limited were incorporated on 10 November 2015, each with share capital of US$ 0.34.
The other subsidiaries noted above were incorporated on 11 November 2015, each with share capital of US$ 0.34.

The PNG incorporated subsidiaries of Kina Petroleum Limited were dormant at 30 June 2016

Note 5 - Joint operations

The Company has entered into a joint operating agreement for PRL 21 and PRL 38 in relation to the exploration, appraisal development, product and disposition of petroleum covered by those licences. At 30 June 2016, the Company had 15% and 25% participating interests (respectively) in these joint ventures and accounts for its assets owned, liabilities incurred and share in exploration expenditures. The Group's net assets in the joint operations are shown in the table below:

	As at 30 June 2016 US$	As at 31 December 2015 US$
Current assets		
Trade and other receivables	**149,376**	64,567
Non-current assets		
Exploration, evaluation and development expenditure	**28,016,028**	27,560,844
Write down of exploration costs	**(2,534,994)**	(2,251,311)
Net exploration, evaluation and development expenditure	**25,481,034**	25,309,533
Total assets employed in the joint operations	**25,630,410**	25,374,100
Non-current liabilities		
Trade and other payables	**186,378**	201,848
Total net assets employed in the operations	**25,444,032**	25,172,252

Note 6 - Earnings per share

	For the half year ended 30 June 2016 US$	For the half year ended 30 June 2015 US$
Operating loss after income tax used in the calculation of basic and diluted loss per share	**(1,454,438)**	(1,364,238)
	Number	Number
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic loss per share	**306,898,921**	306,898,921
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted loss per share	**306,898,921**	306,898,921

Note 7 – Subsequent events

There were no events subsequent to balance date of a material nature.

Company details

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Papua New Guinea

PRINCIPAL PLACE OF BUSINESS
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Sydney NSW 2000

PAPUA NEW GUINEA
Level 10, Pacific Place
Corner of Musgrave St and Champion Pde
Port Moresby, National Capital District
Papua New Guinea

In accordance with a resolution of the Directors of the Company, the Directors declare that:

1. the attached condensed financial statements and notes thereto of the consolidated entity, as set out on pages 6 to 14:

   (a) give a true and fair view of the financial position of the Group as at 30 June 2016 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date; and

   (b) comply with International Accounting Standards IAS34: Interim Financial Reporting, other generally accepted accounting practices in Papua New Guinea, and ASX listing rules relating to half yearly financial reports;

2. the Managing Director and Chief Financial Officer have each declared that:

   (a) the financial records of the Company for the half year ended 30 June 2016 have been properly maintained;

   (b) the condensed financial statements and notes comply with International Accounting Standards IAS34: Interim Financial Reporting, other generally accepted accounting practices in Papua New Guinea, and ASX listing rules relating to half yearly financial reports;

   (c) the condensed financial statements and notes and give a true and fair view of the financial position of the Group as at 30 June 2016 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date.

3. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Dated this 9th day of September 2016

Richard Schroder
Managing Director

Independent Auditor's Review Report

to the Directors of Kina Petroleum Limited

Report on the condensed interim financial statements

We have reviewed the accompanying condensed interim financial statements, being a special purpose financial report, of Kina Petroleum Limited (the Company), which comprise the condensed consolidated statement of financial position as at 30 June 2016, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date and other selected explanatory notes for the Group. The Group comprises the Company and the entities it controlled at 30 June 2016 or from time to time during the half-year.

The condensed interim financial statements do not contain all the disclosures required of the full financial statements under generally accepted accounting practice in Papua New Guinea. Reading these condensed financial statements, therefore, is not a substitute for reading the annual financial statements of the Company.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of these interim financial statements such that they present fairly the matters to which they relate in accordance with IAS 34 'Interim Financial Reporting' and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the condensed interim financial statements based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' in order to state whether, on the basis of the procedures described, anything has come to our attention that makes us believe that the condensed interim financial statements do not present fairly the matters to which they relate. As the auditor of the Company, ISRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the condensed interim financial statements of the Company do not present fairly the Group's financial position as at 30 June 2016 and its financial performance and cash flows for the half-year ended on that date in accordance with IAS 34 'Interim Financial Reporting'.

Independent Auditor's Review Report

Kina Petroleum Limited

Restriction on distribution or use

This report is made solely to the Directors of the Company, as a body. Our review work has been undertaken so that we might state to the Directors those matters which we are required to state to them in our review report and for no other purpose. We do not accept or assume responsibility to anyone other than the Directors of the Company, as a body, for our review work, for this report or for those conclusions we have formed.

PricewaterhouseCoopers
by

Christopher Hansor
Partner
Registered under the Accountants Registration Act 1996

Port Moresby
9 September 2016